

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2019-290-WS - ORDER NO. 2020-641  
SEPTEMBER 23, 2020

IN RE: APPLICATION OF	) ORDER ON PETITIONS FOR
BLUE GRANITE	) CLARIFICATION AND
WATER COMPANY	) REHEARING/RECONSIDERA
FOR APPROVAL TO	) TION BY BLUE GRANITE
ADJUST RATE	) WATER COMPANY AND BY
SCHEDULES AND	) THE OFFICE OF
INCREASE RATES	) REGULATORY STAFF

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Petition for Reconsideration and Clarification (the “Petition for Reconsideration and Clarification” or “Petition”) of Commission Order No. 2020-306 (“Order”) filed by Blue Granite Water Company (“Blue Granite” or “Company”) and by way of the Petition for Clarification and Rehearing/Reconsideration (the “Petition for Rehearing/Reconsideration” or “ORS Petition”) of the Order filed by the Office of Regulatory Staff (“ORS”). The South Carolina Department of Consumer Affairs also filed a response in support of the Commission’s ruling on a 7.46% Rate of Return on Equity commonly referred to as “ROE.” For the reasons stated below, we deny Blue Granite’s Petition for Reconsideration and Clarification and grant, in part, and deny, in part, the Petition for Clarification and Rehearing/Reconsideration filed by the Office of Regulatory Staff. The three issues raised by ORS in its Motion are also issues raised by Blue Granite which motions are addressed at the same time when the issues are discussed herein.

This Order sets out the Commission's clarification and reconsideration on issues and resulting changes to Order No. 2020-306. To the extent that any rulings within this Order conflict with Order No. 2020-306, this Order supersedes the prior Order. Any matters not specifically addressed in this Order remain unchanged. Our holdings herein and the holdings contained in Order No. 2020-306, which remain unchanged, are all supported by the record of this case. Based upon the evidence in the record and the discussion herein, the Commission finds and concludes that it shall retain its ruling for a 7.46% ROE; therefore, the revised Revenue Requirement then is \$29,191,874 due to these revised calculations herein.

**I. ORS' PETITION FOR CLARIFICATION AND REHEARING  
RECONSIDERATION OF COMMISSION ORDER NO. 2020-306 AND  
BLUE GRANITE'S PETITION FOR RECONSIDERATION AND  
CLARIFICATION**

- A. BOTH ORS AND BLUE GRANITE SEEK CLARIFICATION ON THE COMMISSION'S ON RULING FOR ADJUSTMENT NO. 8 (PURCHASED WATER AND SEWER) AND REQUEST RECONSIDER TO INCLUDE THE UNAMORTIZED BALANCE OF ADJUSTMENT NO. 8 IN RATE BASE, SO AS TO ALLOW BLUE GRANITE THE OPPORTUNITY TO EARN ITS WEIGHTED COST OF CAPITAL ON PURCHASED WATER AND SEWER DEFERRAL OR THE PURCHASED WATER AND SEWER EXPENSES GOING FORWARD<sup>1</sup>

Both ORS and Blue Granite,<sup>2</sup> seek Clarification and Reconsideration of the Commission's ruling regarding Adjustment No. 8 to purchased water and sewer expenses which includes two parts. Adjustment 8a is Third-Party Purchased Water and Sewer

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<sup>1</sup> The three issues raised by ORS in its Motion are also issues raised by Blue Granite in its Motion; therefore, the Commission addresses both motions by Blue Granite and ORS at the same time.

<sup>2</sup> See Item II.H, p. 25-26, and Item II.K.3, p. 29, of its Motion.

Treatment Deferral totaling \$2,563,596. Adjustment 8b is Third-Party Purchased Water and Sewer Expenses Going Forward in the amount of \$2,324,292, which already reflects the reduction for the non-revenue water limit of 10%.

First, ORS requests limited clarification of the Commission’s ruling regarding Adjustment No. 8, adjustment to purchased water and sewer expenses. ORS only seeks reconsideration of Commission Adjustment No. 8 to the extent the Commission determines that, upon clarification, the total sum of expenses that correlate to Adjustment Nos. 8(a) and 8(b) need to be altered or the unamortized portion of Adjustment No. 8 should be removed from the calculation of rate base. Adjustment No. 8 consisted of two distinct accounting adjustments. Adjustment No. 8a (the “Purchased Water and Wastewater Treatment Deferral”) is an adjustment to reduce the deferral account Blue Granite had been authorized to create to record purchased water and wastewater treatment costs resulting from rate increases by third-party water and sewer treatment providers. *Tr. p. 763.9, ll. 9-18*. The total deferred amount for which Blue Granite sought recovery was \$2,803,968. *Tr. p. 763.9, ll. 14-15*. During the hearing on the merits, ORS and Blue Granite each proposed to amortize the total deferred amount over three years. The South Carolina Department of Consumer Affairs proposed a longer amortization period of five years. ORS proposed limiting recovery of non-revenue water to 10%. *Tr. p. 1128.3, ll. 5-22*. The changes proposed by ORS resulted in recovery of the Purchased Water and Wastewater Treatment Deferral that totaled \$2,563,596. *Id.* ORS’s proposed Adjustment No. 8a was \$854,532, which was \$2,563,596 amortized over three years. *Tr. p. 1128.3, ll. 5-6*. In its Order No. 2020-306, the Commission found “ORS’s adjustment just and reasonable to limit the

customer's responsibility for non-revenue water expenses to 10% in each subdivision for Blue Granite Service Territories 1 and 2...." *Order No. 2020-306*, p. 83.

ORS further asserts that Adjustment No. 8b (referred to as "Purchased Water and Sewer Expenses Going Forward"), in the amount of \$2,324,292 was made, in part, to adjust test year expenses for purchased water and sewer expenses to allow the Company recovery of the expenses going forward at approximately the current levels experienced by the Company, with recovery of non-revenue water limited to 10%. *Tr. p. 1128.4, ll. 1-20, Tr. p. 1129.2, l. 17*. The Commission also found ORS's Adjustment 8b to be "just and reasonable to limit the customer's responsibility for non-revenue water expenses to 10% in each subdivision and to adopt the adjustment of \$271,930 to reduce purchased water expenses for all Blue Granite's service territories." *Order No. 2020-306*, p. 84. ORS further asserts in its Motion that the correct amount of non-revenue water is \$251,311, as updated in witness Briseno's Revised Surrebuttal testimony. *Tr. p. 1129.2, ll. 15-17*. ORS's proposed adjustment of \$2,324,292 constituted a reduction of the Company's proposed adjustment of \$2,640,647. *Tr. p. 1128.4, ll. 1-3*. ORS further asserts that the \$2,324,292 was not an amortized amount and reflected the \$251,311 reduction for the non-revenue water limit of 10%. *Tr. p. 1129.2, ll. 15-17*. ORS's proposed Adjustment No. 8 appeared as an adjustment of \$3,178,824 to Purchased Sewer and Water – Pass Through Maintenance Expense in Exhibit 1 to ORS's proposed order and consisted of Adjustment No. 8a, which equals \$854,532, plus Adjustment No. 8b, which equals \$2,324,292.

In Order No. 2020-306, Commission Adjustment No. 8 is comprised of the sum of Adjustment Nos. 8a and 8b. The Commission ordered that Adjustment No. 8, in its entirety,

be amortized over five years with one year's expense in the amount of \$635,765 placed in expenses and the unamortized remainder, in the amount of \$2,543,059, placed in a Regulatory Asset. *Order No. 2020-306, p. 83.* ORS asserts in its Motion that only Adjustment No. 8a is limited to the purchased water and sewer deferral whereas Adjustment No. 8b does not correspond to the deferral and reflects the accounting treatment necessary to establish the purchased water and sewer expenses going-forward to current expense levels experienced by the Company. There, ORS requested clarification regarding the accounting treatment authorized by the Commission, which amortized the sum of the Purchased Water and Wastewater Treatment Deferral, as adjusted by ORS, and ORS's proposed Purchased Water and Sewer Expenses Going Forward adjustment over five years. The sum of the Purchased Water and Wastewater Treatment Deferral, as adjusted by ORS, and ORS's proposed Purchased Water and Sewer Expenses Going Forward adjustment equals \$4,887,888. As a result, ORS asserts that if the Commission intended to amortize to the total of the Purchased Water and Wastewater Treatment Deferral, as adjusted by ORS, and ORS's proposed Purchased Water and Sewer Expenses Going Forward adjustment over five years, the adjustment should be \$977,578.

Upon consideration of the request of ORS and Blue Granite, we agree that clarification and reconsideration are needed to make an accounting adjustment to the total amount of Purchased Water and Sewer Treatment Deferral as adjusted by ORS, and the proposed Purchased Water and Sewer Expenses Going Forward which is to be amortized over five years. The Commission finds and concludes upon review and reconsideration of the evidence in the record related to Adjustment No. 8 as provided by ORS, Blue Granite,

and all parties in this Docket to clarify its Order No. 2020-306 that the sum of the Purchased Water and Wastewater Treatment Deferral (Adjustment 8a), as adjusted by ORS, \$2,563,596, and ORS's proposed Purchased Water and Sewer Expenses Going Adjustment (Adjustment 8b), \$2,324,292, amortized over five years, equals \$977,578. *See, ORS Motion, p.4; Tr. p. 1129.2, ll. 15-17; Tr. p. 1128.4, ll. 1-3; Tr. p. 1129.2, ll. 15-17; & Tr. p. 1115.6.*

The Commission further hereby clarifies Order No. 2020-306 by adopting the total amount of \$4,887,888 as proposed by ORS on page 4 of their Motion for Clarification and Rehearing/Reconsideration to correct the dollar amount for Adjustment No. 8 regarding Third-Party Purchased Water and Sewer Treatment Deferral and Expenses and then the Commission finds, clarifies, and concludes to allow one-fifth of the corrected dollar amount for Adjustment No. 8 (\$4,887,888), which is the amount of \$977,578, shall be placed in expenses. The Commission finds, clarifies, and concludes that the remainder of Adjustment No. 8 following the deduction of one-fifth for expenses is the amount of \$3,910,310 and that this remainder shall be amortized over the remaining four (4) years. The above clarification in the calculation of Adjustment 8 has addressed the concerns raised by Blue Granite in its Motion for Reconsideration and Clarification related to a calculation or numerical error have been corrected in granting, in part, the Motion of ORS and therefore, no further action is needed related to motion of Blue Granite regarding the numerical error. *See, Blue Granite's Motion, Item II.H, p. 25-26, and Item II.K.3, p. 29.*

Whereas the Commission has reconsidered and clarified the calculation of Adjustment 8, its accounting treatment authorized by the Commission, as well as the

amount to be placed in expenses and the amount to be amortized over the remaining four (4) years in a Regulatory Asset (*see, Order No. 2020-306, p. 83*), we deny the request by ORS to remove this item from the calculation of rate base, as well as the request by ORS and Blue Granite to otherwise change Adjustment 8a and 8b to provide for a resulting pro-forma adjustment of \$2,837,011. *See, ORS Motion, pp. 5-8; Blue Granite's Motion, Item II.K.3, p. 29.*

B. ORS AND BLUE GRANITE SEEK CLARIFICATION AND RECONSIDERATION ON THE COMMISSION'S ON RULING FOR ADJUSTMENT NO. 16 (RATE CASE EXPENSES)<sup>3</sup>

The second issue raised by ORS is the request for clarification and reconsideration of Commission's decision concerning rate case expenses in Adjustment 16a. We find and conclude to grant ORS' request for reconsideration and clarification by removing an additional \$16,132 from Rate Case Expenses. Blue Granite also requested reconsideration by the Commission of its decision to disallow certain rate case expense and other legal expenses.<sup>4</sup> ORS makes a compelling argument for reconsideration and grant of its request. Based upon the calculations provided by the Commission,<sup>5</sup> it appears that there was an inadvertent error including, while intending to exclude, \$16,132 of post-test year legal expenses associated with Docket Nos. 2018-358-WS and 2018-361-WS from its calculation of rate case expenses amortized over a three-year period. Tr. p. 1116.2, l. 9. As a result, the Commission's amortization of rate case expenses over a three-year period

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<sup>3</sup> The three issues raised by ORS in its Motion are also issues raised by Blue Granite in its Motion; therefore, the Commission addresses both motions by Blue Granite and ORS at the same time.

<sup>4</sup> See Blue Granite's Motion, Item II.G, p. 21-25.

<sup>5</sup> See Order No. 2020-306, Exhibit 1.

includes \$5,377 per year associated with Docket Nos. 2018-358-WS and 2018-361-WS. The Commission finds and concludes to deny the Company's request except to the extent that such request is modified by granting of ORS' request herein which removes an additional \$5,377 from Rate Case Expenses for three years which is an additional \$16,132 removed from its total Rate Case Expenses. Blue Granite also raised a calculation error in its Motion for Reconsideration<sup>6</sup> that the Commission should have also removed \$16,132, which is also addressed and corrected by this motion.

C. BOTH ORS AND BLUE GRANITE SEEK CLARIFICATION ON THE COMMISSION'S ON RULING FOR ADJUSTMENT NO. 8 (PURCHASED WATER AND SEWER) AND REQUEST RECONSIDER TO INCLUDE THE UNAMORTIZED BALANCE OF ADJUSTMENT NO. 8 IN RATE BASE, SO AS TO ALLOW BLUE GRANITE THE OPPORTUNITY TO EARN ITS WEIGHTED COST OF CAPITAL ON PURCHASED WATER AND SEWER DEFERRAL OR THE PURCHASED WATER AND SEWER EXPENSES GOING FORWARD<sup>7</sup>

The third issue raised by ORS is that the Commission clarify and reconsider the dollar amount of the Company's allowable rent expense that excluded the Greenville Office Rent Expense as well as other rent expenses. Blue Granite also requests we reconsider Rent Expense in the amount of \$84,685.<sup>8</sup> Both ORS and the Company clarified post-hearing in subsequent filings that the annual rent for the Greenville Office was not \$84,685 as testified at the hearing but that it was in fact \$73,665. The Company and ORS failed to breakdown the Company's annual rent expenses so that the Commission could specifically disallow the Greenville Office rent expenses of \$73,665. Based upon the above

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<sup>6</sup> See Blue Granite's Motion, Item II.K.2

<sup>7</sup> The three issues raised by ORS in its Motion are also issues raised by Blue Granite in its Motion; therefore, the Commission addresses both motions by Blue Granite and ORS at the same time.

<sup>8</sup> See Blue Granite's Motion, Item II.F, p. 19-20



and additional clarifying evidence, the Commission grants ORS' motion to reconsider and adjust the Rent Expense to allow rent expense in the amount of \$11,174 for other areas than the Greenville Office so that the total amount disallowed relating to the Greenville Office Upfit and Rent Expense is \$579,890 and the only amount allowed is \$11,174 for rent expenses associated with the Company's Rock Hill Office and warehouse, Anderson Office, Water Service Corporation Public Storage and Water Service Corporation Office. The Commission further finds and concludes to deny Blue Granite's request for reconsideration of the Commission's ruling denying recovery of the Greenville Office rent expense except as changed herein to allow recovery of "other than rent expense for the Greenville Office" in the amount of \$11,174 which corrects the calculation error which was raised by Blue Granite.<sup>9</sup>

D. BLUE GRANITE SEEKS SPECIFIC RULINGS IN COMMISSION ORDER NO. 2020-306 IN SECTION II OF ITS MOTION AND REMAINING PORTIONS OF MOTION NOT SPECIFICALLY ADDRESSED.

Blue Granite's Petition for Reconsideration and Clarification of specific rulings in Commission Order No. 2020-306 separately set out in Section II of the Company's Motion multiple grounds for reconsideration and modification. The Commission finds, concludes and denies all requests for reconsideration and modification in Section II of the Company's Motion except for the following:

(1) The Commission finds and grants to make the technical typographical change requested by Blue Granite to delete reference on page 128 of the Commission's Order No.

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<sup>9</sup> See Blue Granite's Motion, Item II.K.1.

2020-306 to “Operative Margin” and insert “the rate base rate of return methodology.”<sup>10</sup> Upon review of the evidence in the record and application, the Commission finds that this typographical error should be corrected. *See, Blue Granite Application. p. 5; Blue Granite Direct Testimony of Dante DeStefano, p. 4, Tr. 763.4.*

(2) The Commission finds and grants the Company’s request for the Commission to clarify certain rulings or matters in its Order as outlined in Item III.A, III.B, III.C and III.D of Blue Granite’s Motion. The Commission finds and clarifies that with regard to Bill Format in Item III.A, the Company shall file a draft proposed Bill Format for review and approval. The Commission finds and clarifies that with regard to the recovery of Purchase Water and Sewer Treatment Charges in Item III.B of the Company’s Motion, the above discussion of the ruling and clarification of Adjustment No. 8 has answered this question and not further action is needed.

The Commission finds and clarifies that Blue Granite, with reporting customer complaints to the Commission Item III.C of the Company’s Motion, shall to file the quarterly reports without customer addresses, and to instead provide addresses to ORS on an as-needed basis and to the Commission as may be requested under seal.

With regard to Item III.D of the Company’s Motion, the Commission finds and clarifies the Company shall continue to file semiannual capital improvement reports in this Docket in the same manner and format as required of the Company pursuant to Order No. 2018-345(A) in Docket No. 2017-292-WS.

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<sup>10</sup> See Blue Granite’s Motion, Item II.A.1, p. 3.

The Commission finds denies all other requests for reconsideration or rehearing not specifically addressed herein.

E. CLARIFICATION ON THE COMMISSION’S ORDER NO. 2020-306 REGARDING TESTING ON RULING FOR INFLOW & INFILTRATION TESTING AND REPORTING

The Commission’s order the Company to address its “I & I” issues through testing and reporting the results to the Commission which must be done prior to its next rate proceeding. The Commission finds that the Company shall comply with the provisions of Order No. 2020-306 and shall further provide the “I&I” study and information to the Commission prior to its next rate proceeding. The Company may seek further approval or guidance from the Commission and ORS regarding any methods or studies sought to be used by the Company in providing information and addressing “I&I”

IT IS THEREFORE ORDERED that, based on the above stated findings and conclusions,

1. The Commission agrees that clarification and reconsideration are needed to make an accounting adjustment to the total amount of Purchased Water and Sewer Treatment Deferral as adjusted by ORS, and the proposed Purchased Water and Sewer Expenses Going Forward which is to be amortized over five years.

2. The Commission finds and concludes upon review and reconsideration of the evidence in the record related to Adjustment No. 8 as provided by ORS, Blue Granite, and all parties in this Docket to clarify its Order No. 2020-306 that the sum of the Purchased Water and Wastewater Treatment Deferral (Adjustment 8a), as adjusted by ORS, \$2,563,596, and ORS’s proposed Purchased Water and Sewer Expenses Going Adjustment (Adjustment 8b), \$2,324,292, amortized over five years, equals \$977,578.

3. The Commission further hereby clarifies Order No. 2020-306 by adopting the total amount of \$4,887,888 to correct the dollar amount for Adjustment No. 8 regarding Third-Party Purchased Water and Sewer Treatment Deferral and Expenses.

4. The Commission finds, clarifies, and concludes to allow one-fifth of the corrected dollar amount for Adjustment No. 8 (\$4,887,888), which is the amount of \$977,578, shall be placed in expenses.

5. The Commission finds, clarifies, and concludes that the remainder of Adjustment No. 8 following the deduction of one-fifth for expenses is the amount of \$3,910,310 and that this remainder shall be amortized over the remaining four (4) years.

6. The Commission finds and grants to make the technical typographical change requested by Blue Granite to delete reference on page 128 of the Commission's Order No. 2020-306 to "Operative Margin" and insert "the rate base rate of return methodology."

7. The Commission finds and concludes to deny the Company's request except to the extent that such request is modified by granting of ORS' request herein which removes an additional \$5,377 from Rate Case Expenses for three years which is an additional \$16,132 removed from its total Rate Case Expenses. Blue Granite also raised a calculation error in its Motion for Reconsideration<sup>11</sup> that the Commission should have also removed \$16,132, which is also addressed and corrected by this motion.

8. Based upon the above and additional clarifying evidence, the Commission finds and grants ORS' motion to reconsider and adjust the Rent Expense to allow rent

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<sup>11</sup> See Blue Granite's Motion, Item II.K.2

expense in the amount of \$11,174 for other areas than the Greenville Office so that the total amount disallowed relating to the Greenville Office Upfit and Rent Expense is \$579,890 and the only amount allowed is \$11,174 for rent expenses associated with the Company's Rock Hill Office and warehouse, Anderson Office, Water Service Corporation Public Storage and Water Service Corporation Office.

9. The Commission further finds and concludes to deny Blue Granite's request for reconsideration of the Commission's ruling denying recovery of the Greenville Office rent expense except as changed herein to allow recovery of "other than rent expense for the Greenville Office" in the amount of \$11,174 which corrects the calculation error which was raised by Blue Granite.<sup>12</sup>

10. Based upon the evidence in the record and the discussion herein, the Commission finds and concludes that it shall retain its ruling for a 7.46% ROE; therefore, the revised Revenue Requirement then is \$29,191,874 due to these revised calculations herein.

11. The Commission finds and clarifies that with regard to Bill Format in Item III.A, the Company shall file a draft proposed Bill Format for review and approval.

12. The Commission finds and clarifies that with regard to the recovery of Purchase Water and Sewer Treatment Charges in Item III.B of the Company's Motion, the above discussion of the ruling and clarification of Adjustment No. 8 has answered this question and not further action is needed.

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<sup>12</sup> See Blue Granite's Motion, Item II.K.1.

13. The Commission finds and clarifies that Blue Granite, with reporting customer complaints to the Commission Item III.C of the Company’s Motion, shall to file the quarterly reports without customer addresses, and to instead provide addresses to ORS on an as-needed basis and to the Commission as may be requested under seal.

14. With regard to Item III.D of the Company’s Motion, the Commission finds and clarifies the Company shall continue to file semiannual capital improvement reports in this Docket in the same manner and format as required of the Company pursuant to Order No. 2018-345(A) in Docket No. 2017-292-WS.

15. The Commission finds that the Company shall comply with the provisions of Order No. 2020-306 and shall further provide the “I&I” study and information to the Commission prior to its next rate proceeding. The Company may seek further approval or guidance from the Commission and ORS regarding any methods or studies sought to be used by the Company in providing information and addressing “I&I”

16. The Commission finds denies all other requests for reconsideration or rehearing not specifically addressed herein.

17. The Company shall update and refile the schedule of rates, terms and conditions to reflect values adjusted or clarified in this Order with this Commission as soon as practicable.

18. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

*Comer H Randall*

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Comer H. “Randy” Randall, District 3  
for the Public Service Commission of South Carolina

(SEAL)



**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

**May 28, 2020**

MOTOR CARRIER MATTER

☐

DOCKET NO.

**2019-290-WS**

UTILITIES MATTER

☒

ORDER NO.

**SUBJECT:**

**DOCKET NO. 2019-290-WS** - Application of Blue Granite Water Company for Approval of Adjustment in Rates – Staff Presents for Commission Consideration Blue Granite Water Company’s Petition for Reconsideration and Clarification, as well as the Office of Regulatory Staff’s Petition for Clarification and Rehearing/Reconsideration.

**COMMISSION ACTION:**

Mr. Chairman, the Commission has received a Petition for Clarification and for Rehearing and Reconsideration on our ruling in Order No. 2020-306. These Requests come from the South Carolina Office of Regulatory Staff (ORS) and also from Blue Granite Water Company (Blue Granite). The South Carolina Department of Consumer Affairs also filed a response in support of the Commission’s ruling on a 7.46% Rate of Return on Equity commonly referred to as “ROE”.

The three issues raised by ORS in its Motion are also issues raised by Blue Granite; therefore, I would like to address them one issue at a time, and this will decide both as follows:

The first issue raised by ORS, and also raised by Blue Granite, <sup>[i]</sup> is the Clarification and Reconsideration of the Commission’s ruling regarding Adjustment No. 8 to purchased water and sewer expenses which includes two parts – 8a is Third-Party Purchased Water and Sewer Treatment Deferral totaling \$2,563,596 and 8b is a Third-Party Purchased Water and Sewer Expenses Going Forward in the amount of \$2,324,292, which already reflects the reduction for the non-revenue water limit of 10%.

Mr. Chairman, I believe that we should clarify, reconsider, and make an accounting adjustment to the total amount of Purchased Water and Sewer Treatment Deferral as adjusted by ORS, and the proposed Purchased Water and Sewer Expenses Going Forward which is amortized over five years. I move that we reconsider and clarify by adopting the total amount of \$4,887,888 as proposed by ORS on page 4 of their Motion to correct the dollar amount for Adjustment No. 8 regarding Third-Party Purchased Water and Sewer Treatment Deferral and Expenses and then proceed to allow one-fifth in the amount of \$977,578 placed in expenses with the remainder of \$3,910,310 amortized over the remaining four (4) years.

However, I move that the Commission deny the request by ORS to remove this item from the calculation of rate base, as well as the request by ORS and Blue Granite to otherwise change Adjustment 8a and 8b to provide for a resulting pro-forma adjustment of \$2,837,011. Blue Granite’s Motion for reconsideration <sup>[ii]</sup> related to the numerical error in the Deferred Charges in Adjustment 8a has been corrected with this Motion and no further action is needed.

The second issue raised by ORS is the request for clarification and reconsideration of Commission’s decision concerning rate case expenses in Adjustment 16a. I move that the Commission grant ORS’ request for reconsideration and clarification by removing an additional \$16,132 from Rate Case Expenses. Blue Granite also requested reconsideration by the Commission of its decision to disallow certain rate case expense and other legal expenses. <sup>[iii]</sup> I move that we **deny** the Company’s request except to the extent that such request is modified by granting of ORS’ request herein which removes an additional \$5,377 from Rate Case Expenses for three years which is an additional \$16,132 removed from its total Rate Case Expenses.

Blue Granite also raised a calculation error in its Motion for Reconsideration <sup>[iv]</sup> that the Commission should have also removed \$16,132, which is also addressed and corrected by this motion;



The third issue raised by ORS is that the Commission clarify and reconsider the dollar amount of the Company's allowable rent expense that excluded the Greenville Office Rent Expense as well as other rent expenses. Blue Granite also requests we reconsider Rent Expense in the amount of \$84,685<sup>[v]</sup> Both ORS and the Company clarified post-hearing in subsequent filings that the annual rent for the Greenville Office was not \$84,685 as testified at the hearing but that it was in fact \$73,665. The Company and ORS failed to breakdown the Company's annual rent expenses so that the Commission could specifically disallow the Greenville Office rent expenses of \$73,665. I move that we grant ORS' motion to reconsider and adjust the Rent Expense to allow rent expense in the amount of \$11,174 for other areas than the Greenville Office so that the **total amount disallowed** relating to the Greenville Office Upfit and Rent Expense is \$579,890 and the only amount allowed is \$11,174 for rent expenses associated with the Company's Rock Hill Office and warehouse, Anderson Office, Water Service Corporation Public Storage and Water Service Corporation Office. I further move that we **deny** Blue Granite's request for reconsideration of the Commission's ruling denying recovery of the Greenville Office rent expense except as changed herein to allow recovery of "other than rent expense for the Greenville Office" in the amount of \$11,174 which corrects the calculation error which was raised by Blue Granite.<sup>[vi]</sup>

With regard to Blue Granite's Petition for Reconsideration and Clarification of specific rulings in Commission Order No. 2020-306 separately set out in Section II of the Company's Motion, I move that the Commission:

(1) **Grant** the technical typographical change to delete reference on page 128 of the Commission's Order to "Operative Margin" and insert "the rate base rate of return methodology"<sup>[vii]</sup> and

(2) **Deny** all other requests for reconsideration or rehearing not specifically addressed herein; and

(3) I move that we **Grant** the Company's request for the Commission to clarify certain rulings or matters in its Order as outlined in Item III.A, III.B, III.C and III.D of Commission Order No. 2020-306; and

Additionally, I move that the staff make any other appropriate changes needed to effectuate and provide a Final Order consistent with the above, as well clarify the Commission's order the Company to address its "I & I" issues through testing and reporting the results to the Commission which must be done prior to its next rate proceeding. I move the Commission retains its ruling for a 7.46% ROE. The revised Revenue Requirement then is \$29,191,874 due to these revised calculations.

As part of my motion, I would request that we direct Blue Granite to provide a revised rate schedule as modified herein no later than Monday, June 8<sup>th</sup> at the close of business. A full written order will follow, Mr. Chairman. So moved.

<sup>[i]</sup> See Item II.H, p. 25-26, and Item II.K.3, p. 29, of its Motion

<sup>[ii]</sup> See Item II.K.3

<sup>[iii]</sup> See Item II.G, p. 21-25.

<sup>[iv]</sup> See Item II.K.2

<sup>[v]</sup> See Item II.F, p. 19-20.

<sup>[vi]</sup> See Item II.K.1.

<sup>[vii]</sup> See Item II.A.1, p. 3.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	voting via videoconference
ERVIN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	voting via videoconference
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	voting via videoconference
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	voting via videoconference
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	voting via videoconference
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	voting via videoconference

WILLIAMS      ☐      ☐      ☐      Absent      Military Leave

(SEAL)

RECORDED BY: J. Schmieding

